



CONNECTICUT ASSOCIATION OF
REALTORS® INC.

Statement on
R.B. 6349: AN ACT CONCERNING THE SALES TAX ON SERVICES

STRONGLY OPPOSE !!!

Submitted to Finance, Revenue and Bonding
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by

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Vice President of Government Affairs

Good day. I'm the Vice President of Government Affairs of the Connecticut Association of REALTORS®. The Association is comprised of more than 18,000 real estate professionals involved in all aspects of the real estate business.

Realtors wish to be part of the solution to solving Connecticut's dire budget problems. Still, we believe it is premature to discuss new or expanded taxes without more action to curb State spending first.

The Finance Committee's Raised Bill No. 6349 is a particularly harmful measure to real estate brokers and many other small business men and women. The bill proposes extending the State's 6% sales and use tax to professional, insurance, occupational, or personal service transactions. This means a 6% tax on real estate commissions and appraiser fees. On a \$200,000 home sale, the tax could be in the neighborhood of \$550 to \$750 depending upon the commission earned. Like the tax on real estate conveyances, much if not all of the burden would be passed on to the homeseller or buyer.

Likely results:

HIGHER CT HOUSING COSTS: due to explanation above

FAR HIGHER BURDEN ON END CONSUMER due to multiple taxation of inter-business services in the same transaction (attorneys' fees, appraisers' charges, etc)

COMPLIANCE DIFFICULTIES... who fills out sales tax return...the listing broker or selling broker? Is DRS prepared?

A DRAG ON CONNECTICUT'S COMPETITIVENESS Florida already tried this ill-conceived approach and the law was repealed (**see reverse**)

Please reject this proposed tax increase on small business men and women.

OPPOSE RAISED BILL 6349 !

A new tax on commissions and real estate appraisal fees is a bad choice

LEARN FROM THE EXPERIENCE OF FLORIDA (see below)

Take Five



a five-minute newsbreak for and about Florida Realtors

JANUARY 1988

Service Tax Repealed

Brantley, Crawford, Thank Realtors

December 11, Governor Martinez signed the bill which repealed the Service Tax effective January 1, 1988. On Dec. 14, we received a letter from Lieutenant Governor Bobby Brantley at our Legislative office which said, in part, "without the support of members of your organization, repeal would not have been possible. On behalf of Governor Martinez and myself, I extend our wholehearted thanks and gratitude."

Senator Bob Crawford, who is expected to be the 1989-90 Senate President, spoke highly of Realtors, particularly Realtors at the grassroots level: "Once again involvement by individual Realtors from

throughout Florida helped make the difference in getting this onerous tax repealed." Later, Crawford emphasized the importance of getting on with the business of Florida and putting the service tax to rest.